

## Message Text

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PAGE 01 STATE 038841

62

ORIGIN EB-03

INFO OCT-01 ISO-00 EA-06 L-01 SS-14 INR-05 SP-02 /032 R

DRAFTED BY EB/OT/TA:RMEYER:LV

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L/EB:CPITMAN

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R 202242Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

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E.O. 11652:N/A

TAGS:ETRD, JA

SUBJECT:CERAMIC TILE

1. DEPARTMENT OFFICIALS MET WITH INDUSTRY REPS DAVID MURCHISON AND HORACE DEPODWIN ON THE SUBJECT OF CERAMIC TILE FEBRUARY 19. THEY ARE GOING TO TOKYO AT THE END OF THIS WEEK, AND PLAN TO MEET WITH THE EMBASSY ON FEBRUARY 24. THEY WILL BE BRINGING WITH THEM THEIR JFY 1975 INDUSTRY PROJECTIONS, ALONG WITH CONSIDERABLE SUPPORTING DATA. EMBASSY (PRICKETT) SHOULD HAVE ALREADY RECEIVED A COPY OF THEIR PROJECTIONS FROM ITP/TA.
2. IN THE FEBRUARY 19 MEETING, WE WENT OVER THE PROJECTIONS IN SOME DETAIL, AND RAN THROUGH THE QUESTIONS WE ANTICIPATE THE JAPANESE MAY RAISE WHEN EMBASSY OFFICERS SEE THEM FEBRUARY 25. WE SPECIFICALLY DISCUSSED WITH THE TILE INDUSTRY THE POSSIBILITY THAT THE JAPANESE MAY CHANGE THEIR INTERNAL POLICIES REGARDING EXPORT OF CERAMIC TILE TO THE US THAT HAVE BEEN IN EFFECT THROUGH JFY 74.

3. WE ARE PASSING THE FOLLOWING TO YOU FOR YOUR INFORMATION
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PAGE 02 STATE 038841

AND POSSIBLE GUIDANCE IN MEETINGS WITH INDUSTRY REPS AND

MITI.

A. LARGE AND GROWING DISCREPANCIES BETWEEN US FIGURES  
FOR CERAMIC TILE IMPORTS FROM JAPAN AND JAPANESE FIGURES

FOR EXPORTS TO THE US SHOULD BE RECONCILED. ASSESSMENT  
OF THE SITUATION IS VERY DIFFICULT WHEN THE STATISTICS  
VARY SO MARKEDLY.

B. IF THE MITI REPRESENTATIVES SAY THAT THEY INTEND  
TO CHANGE SIGNIFICANT ASPECTS OF THEIR INTERNAL ARRANGE-  
MENTS IN THE NEAR FUTURE, WE SUGGEST EMBASSY OFFICERS MAKE  
CLEAR AT THE OUTSET THAT THE US GOVERNMENT TAKES NO POSI-  
TION PRO OR CON ON JAPANESE POLICY REGARDING EXPORTS OF  
CERAMIC TILE. WE CONSIDER IT A PURELY INTERNAL GOJ  
MATTER. HOWEVER, THE US INDUSTRY SAYS IT WILL BE ABLE AND  
WILLING TO PRESENT TO THE GOJ, THROUGH THE EMBASSY, A FAR  
MORE ACCURATE AND RELIABLE ANALYSIS OF THE US CERAMIC  
TILE MARKET AND THE JAPANESE ROLE IN THAT MARKET IN ABOUT  
SIX MONTHS. BY THEN, THE STATISTICAL PROBLEM SHOULD BE  
RESOLVED AND THE OUTLOOK FOR HOUSING, ESPECIALLY TAKING  
INTO ACCOUNT THE EFFECT OF POSSIBLE US GOVERNMENT INTER-  
VENTION IN THE HOUSING MARKET, SHOULD BE MUCH CLEARER.  
SUCH AN ANALYSIS MIGHT PROVE VALUABLE TO JAPANESE POLICY  
MAKERS AS THEY LOOK AT THE LONGER TERM.

C. IF THE MITI REPRESENTATIVES INSIST THAT CURRENT  
POLICIES MUST CHANGE IMMEDIATELY, EMBASSY OFFICERS MIGHT  
NOTE THAT THE REPRESENTATIVES OF THE US TILE INDUSTRY BE-  
LIEVE THAT IF THE GOJ REDUCES THE EFFECTIVENESS OF THEIR  
CURRENT POLICIES, IT WOULD BE TAKEN AS A SIGNAL BY THE  
JAPANESE TILE INDUSTRY THAT THEY CAN RETURN TO EXPORT  
PRACTICES THAT HAVE BEEN LARGELY ELIMINATED SINCE PRESENT  
POLICIES WERE ADOPTED. THE US INDUSTRY REPRESENTATIVES  
POINT OUT THAT IT IS AT TIMES SUCH AS THIS, WHEN THE US  
MARKET IS DEPRESSED, THAT PROBLEMS HAVE BEEN MOST FREQUENT.  
SHOULD THE EFFECTIVENESS OF GOJ POLICIES DECLINE, THE US  
INDUSTRY REPRESENTATIVES WILL FEEL CONSTRAINED TO STEP UP  
THEIR VIGILANCE AGAINST WHAT THEY CONSIDER TO BE THE IN-  
CREASED LIKLIHOOD OF UNFAIR TRADE PRACTICES, SUCH AS  
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PAGE 03 STATE 038841

DUMPING, BY JAPANESE EXPORTERS. THE US GOVERNMENT IS NOT  
IN A POSITION TO COMMENT ON US INDUSTRY INTERPRETATIONS OF  
THE EFFECT OF CURRENT GOJ POLICIES AS A DETERRENT TO UN-  
FAIR TRADE PRACTICES, OR TO PREDICT OR INFLUENCE WHAT  
ACTION THE US INDUSTRY MIGHT TAKE. HOWEVER IT IS A FACT,  
AS THE GOJ IS AWARE, THAT THE US CERAMIC TILE INDUSTRY HAS  
BEEN VERY EFFECTIVE IN DEFENDING ITS INTERESTS IN THE PAST.

4. INDUSTRY REPS WILL BE PREPARED TO DISCUSS WITH EMBASSY  
MANY OF THE DETAILS OF THE SITUATION NEXT WEEK. ITP/TA  
IS POUCHING TO THE EMBASSY A COPY OF A LETTER FROM SEN.  
TALMADGE TO THE CHAIRMAN OF THE ITC RE GSP FOR CERAMIC TILE  
WHICH INDUSTRY REPS GAVE US ON FEB. 19. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CERAMICS, EXPORTS, POLICIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 FEB 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**TAGS:** ETRD, JA  
**To:** TOKYO  
**Type:** TE  
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